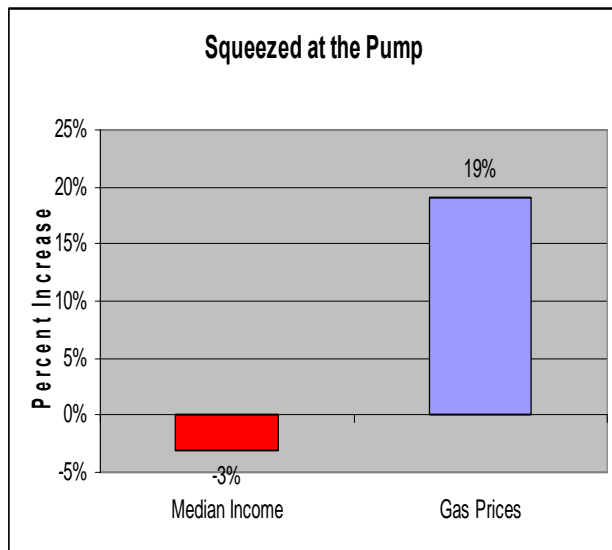




June 23, 2004

SPECIAL EDITION: Squeeze in the News

► **Summary:** Several newspapers over the past week have analyzed the impact of the squeeze on middle class families. They have concluded, as we have known all along, that rising costs and flat real wages have made it harder for middle class families to make ends meet each month.



On Sunday, June 20th, a column by **David Leonhardt**, "The Slump Has Ended, But Not the Gloom," appeared in the *New York Times*. In it, Mr. Leonhardt explains why so many families are so pessimistic about the economy – because the dynamics of the middle class squeeze affect millions more than do the actual recession and its aftermath:

"The layoffs of the past three years totaled in the millions, but they touched only a small segment of the population. The stagnant wages that have followed job losses, the recent spike in gasoline and other consumer prices and the slow climb of interest rates, by contrast, reach into the pocketbooks of every household. Americans notice when milk reaches \$4.43."

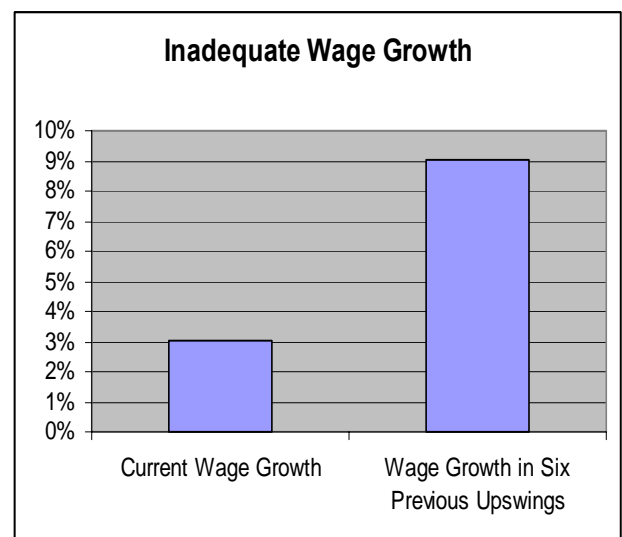
Similarly, today's *Washington Post* reported that in a June 7th memo to clients, **Morgan Stanley Chief economist**,

Stephen Roach, wrote: "Despite the well-advertised pick-up of job growth, recent trends in real wage income remain very disappointing . . . This, in my view, underscores one of the most serious shortcomings of this recovery -- an unprecedented shortfall of the most important piece of personal income growth."

As the article notes further, a recent study by the investment firm **CIBC** found that in a sharp reversal of prior recoveries, average wages in industries gaining jobs over the past three year was 30 percent lower then the average wage in industries that had lost jobs.

As **Tommy Golding**, a coach at Martinsville High School in Virginia, recently told the *Washington Post*, "We've got two types of families here now -- we have rich, and we have poor. ... We're losing our middle-class kids."

Unfortunately, we couldn't have said it better ourselves.



Each week, the **Middle Class Squeeze** looks at different aspects of how Bush Administration and congressional policies are failing the middle class. For more information, please call 202-225-2095 or visit www.house.gov/georgemiller.

Feeling squeezed? Send us an email about it: middleclasssqueeze@mail.house.gov